

Message Text

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14

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 IO-10 ISO-00 SP-02 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 LAB-04 SIL-01 L-03 H-02 PA-01 PRS-01 /114 W

----- 011539

R 261848Z SEP 75

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 5052

INFO AMEMBASSY BANGKOK

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY CANBERRA

AMEMBASSY COLOMBO

AMEMBASSY COPENHAGEN

AMEMBASSY DJAKARTA

AMEMBASSY HELSINKI

AMEMBASSY ISLAMABAD

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY RANGOON

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY STOCKHOLM

AMEMBASSY SUVA

AMEMBASSY TAIPEI

AMEMBASSY THE HAGUE

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AMEMBASSY TOKYO

AMEMBASSY VIENNA
AMEMBASSY VIENTIANE
WELLINGTON 180
AMEMBASSY PORT MORESBY
AMEMBASSY DACCA
USMISSION USUN NEW YORK
AMCONSUL HONG KONG

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DEPARTMENT PLEASE REPEAT REFTELS TO INFO ADDRESSEES
THAT HAVE NOT RECEIVED THEM

MANILA PASS USADB

E.O. 11652: N/A
TAGS: AID, XA
SUBJECT: ADF II DONORS' MEETING

REF: (A) STATE 212373 (B) STATE 212235

1. SUMMARY: DONORS AGREED TO \$830 MILLION CONTRIBUTIONS FOR ASIAN BANK SOFT LENDING IN 1976-78. U.S. MADE CLEAR IT UNABLE MAKE ANY COMMITMENT ON AMOUNT OR TIMING. ON BASIS TO FORMAT MOBILIZING FIRST THIRD OF THESE CONTRIBUTIONS EVEN WITHOUT U.S. COMMITMENT. HOWEVER, OTHER DONORS INSISTED ON TRIGGERS WHICH REQUIRE U.S. CONTRIBUTION FOR REPLENISHMENT TO BE FULLY PAID IN BY OTHERS. U.S. SUCCESSFUL IN JUGGLING NUMBERS SUCH THAT REPLENISHMENT COULD BE FULLY EFFECTIVE FOR OTHER DONORS WITH U.S. CONTRIBUTION CONSIDERABLY LESS THAN \$231 MILLION INCLUDED IN TOTAL OF \$830 MILLION.
END SUMMARY.

2. IN DONORS' MEETING ATTENDED BY ALL ADF DONORS (AUSTRIA, BELGIUM, CANADA, DENMARK, FINLAND, GERMANY, ITALY, JAPAN, THE NETHERLANDS, NEW ZEALAND, NORWAY, SWITZERLAND, UK AND US) AS WELL AS AUSTRIA, AND OBSERVER FROM FRANCE, AGREEMENT WAS REACHED ON A LIMITED OFFICIAL USE

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DRAFT BOARD OF GOVERNORS' RESOLUTION, TO BE SUBMITTED TO ADB'S BOARD OF DIRECTORS, WHICH PROVIDES A FRAME WORK FOR THE MOBILIZATION OF CONCESSIONAL LENDING RESOURCES FOR THE ASIAN DEVELOPMENT FUND FOR THE 1967-78 LENDING PERIOD. THE REPLENISHMENT IS TO TOTAL \$830 MILLION, WITH PAYMENTS TO BE MADE IN THREE EQUAL YEARLY INSTALLMENTS.

3. MAIN POINTS OF DISCUSSION WERE (A) CAVEAT IN DRAFT RESOLUTION THAT COMMITMENTS COULD BE QUALIFIED AS SUBJECT TO APPROPRIATE LEGISLATIVE ACTION, I.E. ANNUAL APPROPRIATION OF FUNDS, AND (B) AMOUNTS OF CONTRIBUTIONS AND PAYMENTS WHICH WOULD TRIGGER THE PAYMENT OF EACH INSTALLMENT. WITH REGARD TO (A) CONCERN WAS EXPRESSED BY MOST DONORS THAT THIS CAVEAT SHOULD NOT ERODE THE PRINCIPLE OF MULTI-YEAR COMMITMENTS IN MULTILATERAL BURDENSARING RESOURCE AGREEMENTS AND IN PARTICULAR, THAT THIS CAVEAT NOT BE PRECEDENT FOR IDA FIVE. CONCERNING (B), DISCUSSION CENTERED ON ESTABLISHING TRIGGER AMOUNTS WHICH WOULD ENSURE THAT MAJOR DONORS, ESPECIALLY U.S., PARTICIPATE IN THE REPLENISHMENT AND PAY EARLIER INSTALLMENTS PRIOR TO THE EFFECTIVENESS OF SUBSEQUENT INSTALLATIONS FOR OTHERS.

4. USG STATEMENT OF POSITION (SEE REFTEL B) CLARIFYING US INABILITY TO BE ASSOCIATED WITH ANY AMOUNT FOR A US CONTRIBUTION PRIOR TO CONGRESSIONAL CONSULTATIONS WELCOMED BY OTHER DONORS. JAPAN STATED ITS PROBLEM WITH LACK OF AMOUNT FOR US CONTRIBUTION AND AGREED TEMPORARILY TO PROPOSED AMOUNT ITS CONTRIBUTION, WITH OPTION TO REVISE ITS CONTRIBUTION DOWNWARD SHOULD THE TOTAL AMOUNT OF THE REPLENISHMENT NOT BE REACHED. PRIVATELY JAPAN INDICATED THAT IT WILL PROBABLY REDUCE ITS CONTRIBUTION IF EXPECTED INCREASE IN CANADIAN CONTRIBUTION IS LESS THAN FRENCH AND SWEDISH CONTRIBUTION, ASSUMING LATTER TWO COUNTRIES CONTINUE NON-PARTICIPATION. ALSO JAPAN WOULD PROBABLY REDUCE ITS CONTRIBUTION OF \$272 MILLION IF US PROVIDES LESS THAN \$231 MILLION PROPOSED BY ADB. NEW ZEALAND CITED ECONOMIC DIFFICULTIES AND RESERVED ON ITS AMOUNT.

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5. AGREED NO PUBLIC OR PRESS STATEMENTS WOULD BE MADE UNTIL ALL MEMBERS OF BANK--INCLUDING BORROWING COUNTRIES-- HAVE APPROVED PROPOSAL, AND IN PARTICULAR THAT NO DONOR WOULD MENTION FIGURE OTHER THAN ITS OWN CONTRIBUTION LEVEL.

6. AT WORKING DINNER PRECEDING MEETING, FRG AND JAPAN AGREED COMPLETE EXERCISE PROVIDED US MET TWO CONDITIONS, AGREEMENT TO TRIGGERS ON LAST TWO PAYMENTS AND AGREEMENT NOT TO STATE ON RECORD THAT ADB PROPOSED \$231 MILLION US CONTRIBUTION SUBSTANTIALLY TWO HIGH. FRG, CANADA AND ADB STRONGLY URGED US AGREE TO REMOVE PROVISION PERMITTING SIGN UP SUBJECT TO APPROPRIATION. US (BUSHNELL) EXPLAINED IN DETAIL AT DINNER AND IN MEEING WHY SIGN UP BY US POSSIBLE ONLY ON THIS BASIS. ADB

PRESIDENT, VICE PRESIDENT AND DELEGATES FRG AND
JAPAN PARTICULARLY APPRECIATIVE US FLEXIBILITY ALLOWING
SUCCESSFUL CONCLUSION THIS MAJOR REPLENISHMENT EXERCISE
ALTHOUGH ALL RECOGNIZE THAT PROBLEMS WILL ARISE IF
CONGRESS DOES NOT APPROVE \$50 MILLION CONTRIBUTION
PENDING IN FY 76 BUDGET TO COMPLETE US PAYMENT INITIAL
ADF PLEDGE. FIRESTONE

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Message Attributes

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Margaret P. Grafeld
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06 JUL 2006

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